

House Bill 3392

Sponsored by Representatives SMITH G, GOMBERG

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Creates Short Line Railroad Resiliency Program within Oregon Business Development Department to provide grants for short line railroad infrastructure projects.

Establishes Short Line Railroad Fund. Authorizes issuance of \$5 million in lottery bonds for deposit in fund to be used to provide grants for short line railroad infrastructure projects.

Directs department to study and make recommendations for legislation to provide long-term revenue source to finance grants for short line railroad infrastructure projects.

Declares emergency, effective July 1, 2021.

A BILL FOR AN ACT

1
2 Relating to short line railroads; and declaring an emergency.

3 **Be It Enacted by the People of the State of Oregon:**

SECTION 1. (1) As used in this section:

4
5 (a) **“Infrastructure” includes tracks, switches, sidings, roadbeds, railroad bridges and**
6 **industrial leads owned by a short line railroad.**

7 (b) **“Short line railroad” means a class II or class III railroad as defined in 49 C.F.R. 1201.**

8 (c) **“Short line railroad infrastructure project” means a project that involves the con-**
9 **struction, maintenance, reconstruction or replacement of infrastructure.**

10 (2) **The Short Line Railroad Fund is established separate and distinct from the General**
11 **Fund. Earnings on moneys in the Short Line Railroad Fund shall be deposited into the fund.**
12 **Moneys in the Short Line Railroad Fund are continuously appropriated to the Oregon Busi-**
13 **ness Development Department for the purposes of carrying out the provisions of this section.**

14 (3) **There is created within the department the Short Line Railroad Resiliency Program.**
15 **The program’s purpose is to fund short line railroad infrastructure projects. As part of the**
16 **program, the department shall use moneys in the Short Line Railroad Fund to finance grants**
17 **to support short line railroad infrastructure projects.**

18 (4) **The department shall convene a short line railroad advisory group. The advisory**
19 **group shall consist of three representatives of short line railroads. The Director of the**
20 **Oregon Business Development Department shall select members that:**

21 (a) **Represent short line railroads that operate in this state.**

22 (b) **Have extensive involvement in the short line railroad industry.**

23 (c) **Have extensive experience participating in successful public-private partnerships with**
24 **state and federal government agencies.**

25 (5) **The advisory group shall assist the department in developing the criteria for use by**
26 **the department in selecting short line railroad infrastructure projects to be awarded grants**
27 **under this section.**

28 (6) **After consulting with the short line railroad advisory group, the department shall**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 adopt rules specifying the process by which a short line railroad may apply for a grant under
2 this section and prescribing the terms and conditions of grants. An applicant receiving a
3 grant shall be required to provide 25 percent of the moneys required for the short line rail-
4 road infrastructure project.

5 (7) The department, in collaboration with the short line railroad advisory group, shall
6 select the short line railroad infrastructure projects to be funded with moneys in the Short
7 Line Railroad Fund.

8 (8) In selecting short line railroad infrastructure projects, the department shall prioritize
9 projects that:

10 (a) Enhance Oregon's short line rail network capacity;

11 (b) Improve Oregon's integration of the short line rail network with the national rail
12 network;

13 (c) Decrease the environmental impact associated with transportation of freight in
14 Oregon by transporting more freight by rail;

15 (d) Improve the resilience of short line railroads in Oregon; and

16 (e) Provide a positive economic impact in Oregon by improving the capacity of short line
17 railroads.

18 **SECTION 2.** (1) For the biennium beginning July 1, 2021, at the request of the Oregon
19 Business Development Department, the State Treasurer is authorized to issue lottery bonds
20 pursuant to ORS 286A.560 to 286A.585 in an amount that produces \$5 million in net proceeds
21 and interest earnings for the purposes described in subsection (2) of this section, plus an
22 additional amount estimated by the State Treasurer to be necessary to pay bond-related
23 costs.

24 (2) Net proceeds of lottery bonds issued under this section in an amount sufficient to
25 provide \$5 million in net proceeds and interest earnings must be transferred to the Oregon
26 Business Development Department for deposit in the Short Line Railroad Fund established
27 under section 1 of this 2021 Act, to finance grants for short line railroad infrastructure
28 projects as provided in section 1 of this 2021 Act.

29 (3) Lottery bonds authorized under this section must be issued no later than June 30,
30 2022.

31 (4) The Legislative Assembly finds that short line railroads are a vital component of the
32 state's transportation infrastructure and play an essential role in furthering economic de-
33 velopment. The Legislative Assembly thereby finds that the use of lottery bonds for the
34 purposes described in subsection (2) of this section is an appropriate use of state lottery
35 funds under Article XV, section 4, of the Oregon Constitution, and ORS 461.510.

36 **SECTION 3.** (1) In collaboration with the short line railroad advisory group convened
37 under section 1 of this 2021 Act, the Oregon Business Development Department shall conduct
38 a study and make recommendations for legislation that is necessary to provide a long-term
39 revenue source, other than lottery bonds, for financing short line railroad infrastructure
40 grants provided under section 1 of this 2021 Act.

41 (2) The department shall submit reports on its findings and any proposed legislation un-
42 der this section to the appropriate committee or committees of the Legislative Assembly in
43 the manner provided under ORS 192.245 no later than September 15, 2022.

44 **SECTION 4.** Section 3 of this 2021 Act is repealed on January 2, 2023.

45 **SECTION 5.** This 2021 Act being necessary for the immediate preservation of the public

1 **peace, health and safety, an emergency is declared to exist, and this 2021 Act takes effect**
2 **July 1, 2021.**

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